INCOMES AND POVERTY IN HAMILTON

April 2009

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THE ONTARIO TRILLIUM FOUNDATION
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Hamilton Roundtable for Poverty Reduction

MAKING HAMILTON the best place to raise a child.

TABLE OF CONTENTS

1.0 EXECUTIVE SUMMARY **1**

2.0 INTRODUCTION **3**

3.0 DATA SOURCES **5**

4.0 INCOMES IN HAMILTON **6**

4.1 Median income by household type 6

4.2 Median income by sex 7

5.0 POVERTY IN HAMILTON **9**

Map 1. Poverty Rates, City of Hamilton 11

5.1 Poverty rates for selected groups 13

5.1.1 Seniors 14

5.1.2 Children 14

Map 2. Child Poverty Rates, City of Hamilton 17

5.2 Changes in the number of persons living on incomes below the poverty line 19

5.2.1 Visible minorities 19

6.0 SOCIAL ASSISTANCE AND POVERTY **20**

6.1 Children and social assistance 23

7.0 WHAT ARE THE IMPACTS OF THE CURRENT RECESSION? **24**

7.1 Employment Insurance 24

7.2 Ontario Works 25

7.2 Possible poverty rate in Ontario and Hamilton in the near future 26

8.0 CONCLUSION **27**

1.0 EXECUTIVE SUMMARY

Nearly 90,000 Hamiltonians were living in poverty in 2005 – enough people to stand and link arms on the Skyway Bridge's entire span across Hamilton Harbour more than ten times.

The data and analysis from this report shows both signs of hope and signs of concern for Hamilton's fight against poverty. The overall poverty rate has decreased in the City of Hamilton from 19.8% to 18.1%. The major contributors to this phenomenon have been seniors. The poverty rate of Hamiltonians over age 65 has decreased from 24.4% to 16.6%, the largest decreased of any of the groups examined. This trend is seen across the country due to the social safety net put in place for this age group as well as more women joining this age group who have spent at least part of their lives in the paid labour force, earning CPP benefits for their retirement. One additional reason seems to be an increase in applications for the Guaranteed Income Supplement since a report in 2001 showed that 300,000 seniors were not accessing this benefit to which they were entitled.

At the other end of the age spectrum, the poverty rate for Hamilton's youngest children has increased from 25.2% to 26.4% from 2000 to 2005. More investigation is needed to analyse the reasons for this increase, but a preliminary exploration in this report shows that the number of children living in female lone parents households, households which are more likely to be low income, is rising faster than children in other household groups. The rise in Hamilton's child poverty rate makes the Hamilton Roundtable on Poverty Reduction's goal of making Hamilton the best place to raise a child all the more relevant and urgent.

Visible minorities are another group that needs further investigation into the poverty trends within its community. This report shows that while the poverty rate among visible minorities has decreased from 37.1% in 2000 to 33.8% in 2005, this did not keep pace with the large growth in the size of this community. This resulted in an increase of over 3,500 persons within the visible minority communities in Hamilton living in poverty.

The geographical distribution of poverty in Hamilton continues to show that the downtown and surrounding areas have a large concentration of poverty, but an analysis by former municipality shows that some suburban areas, such as Ancaster and Flamborough have seen increases in their poverty rates between the last two censuses. Ancaster in particular has had a steady rise in poverty since at least 1995, with the number of persons living under the poverty line almost doubling to just over 2,000 people, representing 6.3% of Ancaster's population in 2005. In contrast the poverty rate in the original Hamilton has steadily decreased.

Since the last census, and especially in the last few months, the economic situation has clearly worsened. The effects are clear in Hamilton with a 36% increase in Employment Insurance recipients and an 18% increase in Ontario Works recipients since last year. The EI data by gender show that the recession is having an especially important impact on men, as the types of industry predominated by male workers such as manufacturing are being eliminated in this recession. The trend after the early 1990s recession was that men's incomes were reduced and they never regained to their previous levels, so we may be seeing a repetition of this trend in this recession. While women's incomes continue to be lower than men's, the gap is narrowing

due to decreases in men's incomes and not because of any increases in women's incomes. This race to the bottom phenomenon is a concern for Hamilton families.

For the over 45,000 Hamiltonians living on Social Assistance (including disability), the daily tradeoffs between basic necessities is all too familiar. Historically, social assistance benefit rates have provided emergency incomes far below the poverty line. Only in the very recent past, have improvements finally been made for at least some recipients. Families with children in particular have benefited from the successful Hamilton campaign to end the municipal portion of the National Child Benefit clawback in 2006. Their income increased again in 2008 with the introduction of the Ontario Child Benefit which will be fully phased in by July of 2009. Social assistance recipients without children have seen their incomes continue to fall since 1994 without any adjustment for inflation until 2007. Those without disabilities are especially penalized by the social assistance system, as their earnings represent only 35% of the poverty line.

The Social Planning and Research Council of Hamilton with support from the United Way will continue investigating trends revealed in this report and highlight new data about poverty in Hamilton as it becomes available. We hope to publish reports on the working poor, the growing gap between the rich and poor, poverty among women and visible minorities in the coming year. As well, we are working with community partners including the City of Hamilton to develop short term indicators that can show a more current picture of the poverty situation in Hamilton than the detailed but lagging snap shot provided by census data.

2.0 INTRODUCTION

2009 is starting much the same way 2008 ended – every day more news of layoffs, rising unemployment, rising bankruptcies, and increasing economic uncertainly. Not only is the economy the most important issue for Canadians at the moment, it has almost totally eclipsed all others (EKOS poll February 2009). Incomes and the risk of poverty, now more than ever, are personal concerns for hundreds of thousands of Hamiltonians,

> *"In this time of global economic uncertainty people from all walks of life find themselves struggling for the basics. They can be working, receiving employment insurance, Canada Pension, Ontario Works, ODSP, and they are men, women, homeless or living in substandard housing, New Canadians, Aboriginal and so on.*
>
> *It often only takes a single incident, one simple small thing for a person's life to change completely from being someone who has to someone who has not. A loss of a job or an injury or illness can change the life circumstance of individuals and their families in an instant. The stereotypes of people living in poverty are simply that, stereotypes. With increased housing costs, escalating gas prices, rising food costs and the general cost of living more and more people are spending beyond 30% of their salary/income on housing. Most people are essentially 60 days from being homeless should their employment stop for some reason. Poverty and homelessness should be on everyone's agenda because it impacts us all."*
>
> *- NO Community Stands ALONE: Report on the Community Roundtable Discussions,* Hamilton Urban Core Community Health Centre, 2008

In 2004, the Social Planning and Research Council of Hamilton published its first "Incomes and Poverty Report", focusing on data and analysis of the economic circumstances encountered by Hamilton residents. That report was based on data from the 2001 census. Since the 2006 census, we have received many requests to update this report, but since it takes a few years for Statistics Canada to release all the detailed data from the census it was not possible until now. We will also release a second update in 2010 that will examine depth of poverty and the working poor, as this data is not yet available.

This report considers the distribution of incomes in the City of Hamilton, and the level of poverty based on the most commonly reported measure: Statistics Canada's Low Income Cut-Off (LICO). The LICO measure is a relative measure of poverty introduced in Canada in 1968. When researchers or the media refers to "poverty lines" or "incidence of low-income", they are generally referring to the LICO measure. More detailed discussion about the LICO will be provided in section 5.

As a second measure of poverty, the report considers the benefit rates provided to individuals and families on Ontario Works (OW), Ontario's primary income security program. As this report shows, all households receiving OW benefits are living well below the LICO. In many cases, these households are not even able to access the basic necessities of life.

Those among the lowest income groups understand the daily trade-offs and compromises required to live within their means. "Trade-offs" or "compromises" required among the poorest households in Hamilton, often involve decisions like paying the rent or hydro, instead of buying food.

One of the goals of the Social Planning and Research Council (SPRC) is to improve the quality of life for the citizens of Hamilton through strengthening the community's understanding of social problems. We hope that this report will help to educate the public and stimulate discussion about what it means to be "poor", and what impacts this might have in the future.

Since the release of the first Incomes and Poverty Report in 2004, there has been a growing awareness of poverty as a central issue for Hamilton to address. There have been many successes such as the "Stop the Clawback" campaign and the "25 in 5" poverty reduction postcard campaign, just two of the myriad of examples of community advocacy on this front. Numerous social service agencies and grass-roots groups have continued their vital work to help those facing poverty in their daily lives. Another major step has been the creation of the Hamilton Roundtable for Poverty Reduction bringing together business, education, health and social leaders to join forces to tackle poverty in Hamilton. We hope that this updated report will help to inform local decision-makers for the purpose of furthering strategies aimed at poverty reduction in our community.

3.0 DATA SOURCES

The information included in this report is based on Statistics Canada's 2006 census with some comparisons to previous census years, information provided by the City of Hamilton's Public Health and Community Services Department and other government sources. The census data on earnings and income represents people's incomes from the previous calendar year, so for the example in the 2006 census, the income data is for 2005. This explains why the income data in this report is labeled 1995, 2000 and 2005 (the years of people's incomes reported through the census), instead of 1996, 2001 and 2006 (the years the census was taken).

Along with data presented in tables and charts, the report also contains maps. Using Geographic Information Systems (GIS) software, the SPRC is able to a visually display various social trends. These maps can present information at small levels of geography, allowing us to understand the unique characteristics of Hamilton's neighbourhoods. This is and will continue to be an important tool for public education, as well as planning and coordinating service delivery to Hamilton's vulnerable populations.

One important caveat about income data from the census is that it only represents information for those living in what Statistics Canada calls "private households". In Hamilton, 98% of residents live in private households, according to the census. A "private household" may be an individual or family, and may include non-family members (i.e. roommates) all living in self-contained living quarters. The remaining population counted by the census (9,105 individuals) lives in what Statistics Canada classifies as "collective households" and includes such diverse groups such as:

- seniors living in nursing homes, long term care or other assisted living residences
- agricultural workers living in work camps
- people living in rooming houses
- individuals living in shelters or in transitional housing
- persons with mental health diagnoses living in group homes
- offenders living in prisons or half-way houses

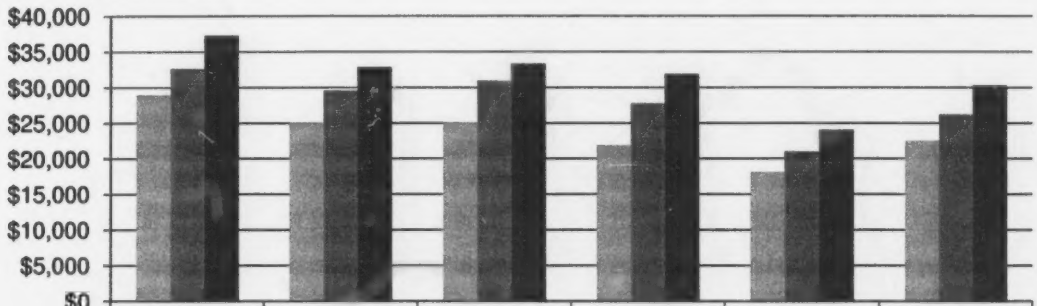
Many of the persons in these circumstances are living on a low income, but are not counted in the data presented in this report, as they are not in "private households".

Finally, although all households in Canada must fill out a census form by law, there are many households and individuals who are missed by the census entirely. Statistics Canada calls this phenomenon "undercoverage" and acknowledges that rates of undercounts are higher among recent immigrants, those living in social housing buildings, and young singles, especially men as well as those living on the streets. These groups all have higher rates of poverty than the general population, but again many of these individuals not captured in the data in this report.

4.0 INCOMES IN HAMILTON

The median income[1] among individuals over the age of 15 in the City of Hamilton was $26,404 in 2005. Median incomes vary greatly depending across the city they are located. As reported in the recent Community Profile series of reports, the highest incomes are in Ancaster and the lowest in the former municipality of Hamilton[2] (Chart 1).

Chart 1: Median Individual Income (age 15 and over), Communities within the City of Hamilton, 1995-2005



	Ancaster	Dundas	Flamborough	Glanbrook	Hamilton	Stoney Creek
1995	$28,987	$25,056	$25,060	$21,935	$18,203	$22,617
2000	$32,682	$29,562	$30,944	$27,806	$21,025	$26,284
2006	$37,269	$32,828	$33,317	$31,871	$24,043	$30,301

Data source: 1996, 2001 and 2006 Censuses of Canada, Statistics Canada

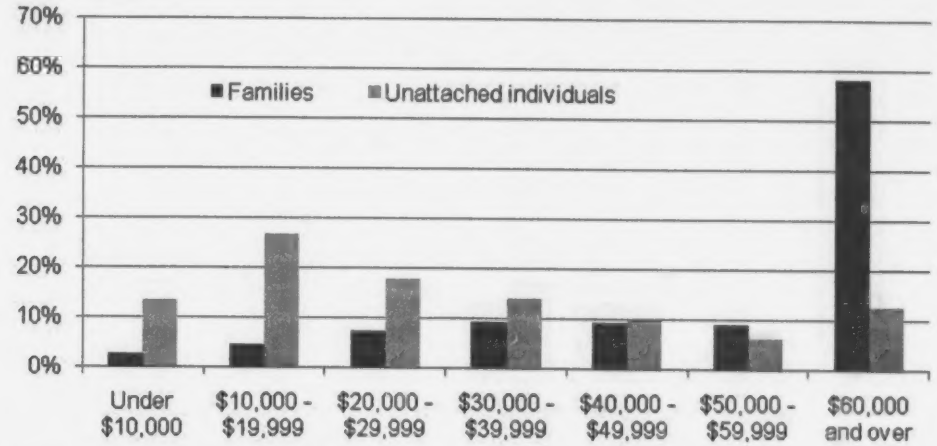
4.1 Median income by household type

Chart 2 shows the distribution of incomes in Hamilton by income groups and by household type (families versus unattached individuals)[3]. Families in this case include all couples with or without children, as well as lone parent families, as well many extended family groups living in one household. In total, there were 63,045 unattached individuals and 138,895 families living in private households in Hamilton in 2005. The chart shows very different circumstances for singles versus families. Almost 40% of unattached individuals (25,315 persons) earned less than $20,000 in 2005. At the other end of the income ladder, only 12% (or 3076) of singles had incomes $60,000 or over. In contrast, only 14% of families (or 19,460) were living on $30,000 or less in 2005. It should be noted that many of the families in the lowest income groups are lone-parent families.

[1] Median income is the income level for which 50% of the population earns less and 50% earn more. It is considered a more robust measure than average income, as it is not skewed by a few very wealthy individuals earning 100 or times what most others earn.
[2] Now the Community of Hamilton within the City of Hamilton.

[3] "Unattached Individuals" is the term used by Statistics Canada to describe of persons living alone, sometimes referred as "singles". Statistics Canada also uses the term "non-family persons" to describe this group.

Chart 2: Income groups by selected household types: Families vs. Unattached Individuals, City of Hamilton, 2005

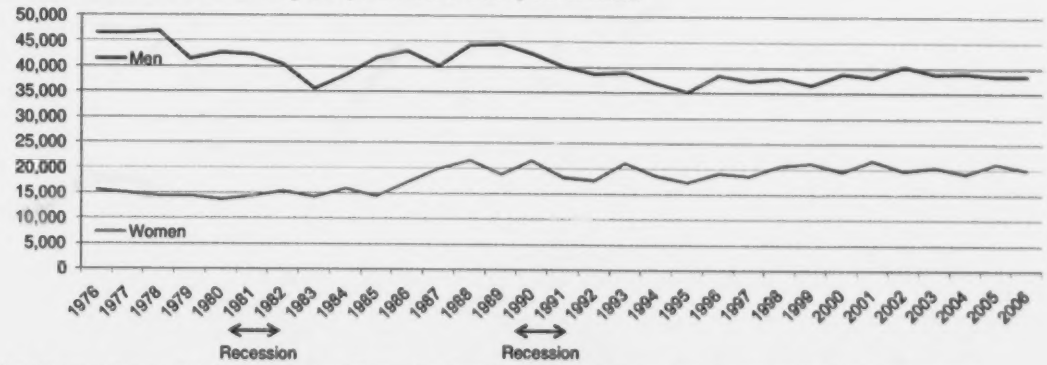


Data source: 2006 Census of Canada, Statistics Canada

4.2 Median income by sex

Chart 3 shows the historical trend in median income for both men and women in the Hamilton Census Metropolitan Area[4]. The most noticeable trend is the gap between male and female median incomes, which reflects trends seen across the country. In previous decades, some of this difference was due to fewer women than men working. However, even when we further focus the analysis and compare women working full time and full year to men in the same category in Hamilton, the income gap remains over $16,000 per year. This chart also illustrates that the gap between men and women's income was narrowed from the late 1970s into the 1990s, but that there has been no progress since then.

Chart 3: Median incomes by sex, Hamilton CMA, 1976-2006



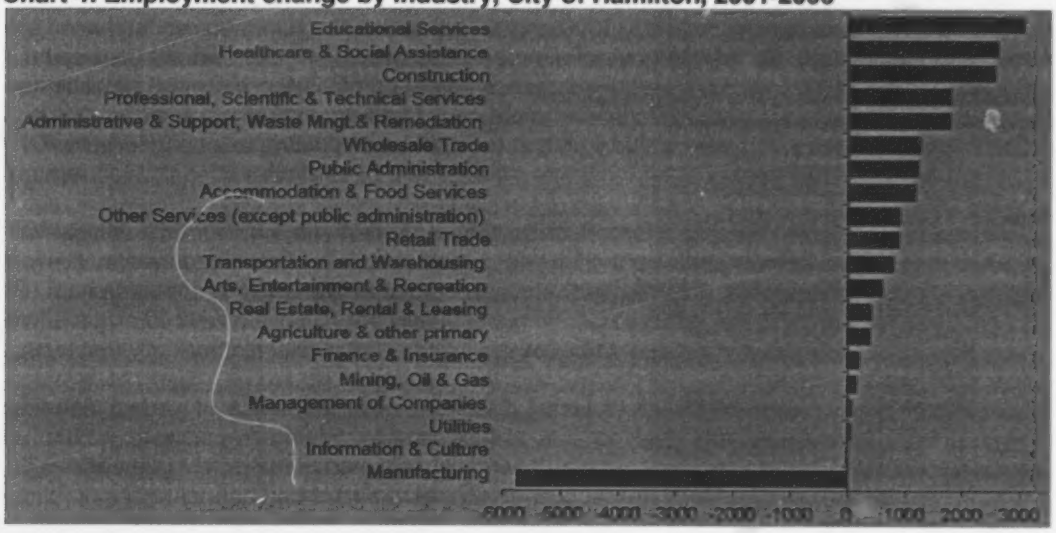
Data Source: Survey of Labour and Income Dynamics, Statistics Canada (Income data adjusted to 2006 constant dollars)

[4] The Hamilton CMA includes the cities of Hamilton (Hamilton-Wentworth Region before 2001), Burlington and Grimsby. Historically the incomes in Burlington have been higher than in Hamilton, so the median incomes for the Hamilton CMA are higher than for the City of Hamilton. The data for this chart was not readily available at the city level, so the Hamilton CMA data was used for this report.

Another trend that can be seen is the impact of recessions on incomes. The recession in the early 1980s produced a sharp decline in men's incomes from which they quickly rebounded to their pre-recession incomes. In contrast, women's incomes were not as clearly reduced by this recession. In the early 1990s recession, both women and men's incomes declined, but only women's incomes later rebounded to previous levels. Men's incomes, on the other hand, continued to decline significantly over the next few years and did not stabilize until about 1996-1997, and never returned to pre-recession levels.

This phenomenon is in large part a reflection of the de-industrialization of Hamilton's economy during this period. A striking chart from the Hamilton Training Advisory Board (Chart 4) clearly shows that the manufacturing sector has had the biggest by far decrease in the number of jobs in Hamilton. This decrease is not just seen in the last census, but for many years before that as well. The types of jobs lost from the manufacturing sector were mainly held by men. After the recession of the 1990s, employment rates for both men and women improved, but the nature of work, especially for men, has changed dramatically. Many of those laid off from industrial jobs were never able to find well paying, stable employment again as the labour market has shifted to more to temporary, precarious, low-paying service sector jobs.

Chart 4: Employment change by Industry, City of Hamilton, 2001-2006



Courtesy of Hamilton Training Advisory Board, *Workforce Focus*, March 2008
Data Source: 2001 and 2006 Censuses of Canada, Statistics Canada

5.0 POVERTY IN HAMILTON

This section of the Incomes and Poverty report considers the level of poverty in the City of Hamilton based on the most commonly reported measure – Statistics Canada's Low Income Cut-Off (LICO). The LICO measure is a relative measure of poverty introduced in Canada in 1968. When researchers or the media refers to "poverty lines" or "incidence of low-income", they are generally referring to the LICO measure.

The LICO considers the average cost of basic necessities (including housing, food, and clothing) for different sized households in different sized communities. The measure then adds an additional 20% to determine the low-income cut-off for each specific group. A Statistics Canada survey of family expenditure in 1992 determined that the average Canadian family spent about 35% of its income on food, clothing and shelter. Statistics Canada concluded that a family that spent significantly more (i.e., 20 percentage points more) of its income on essentials was living in straitened circumstances. As a result, it has adopted 55 per cent of income as the cutoff point: families that spent more than 55% of their income on essentials would have little or no income left to spend on transportation, health, personal care, education, household operation, recreation, insurance and other unexpected expenses.[5]

Table 1 shows the LICO for the City of Hamilton[6]. Please note that the LICO presented here represents before tax household incomes. The data presented were collected during the 2006 census and represent 2005 household incomes.

Table 1: LICO Thresholds for City of Hamilton (Before Tax) – 2005[7]

Family Size	Low-Income Cut-Off
1 person	$20,778
2 person	$25,867
3 person	$31,801
4 person	$38,610
5 person	$43,791
6 person	$49,389
7+ person	$54,987

[5] Ross, D., Shillington E.R., and Lochhead C. (1994). *The Canadian Fact Book on Poverty*. Canadian Council on Social Development http://www.ccsd.ca/pubs/archive/fb94/fs_povbk.htm

[6] Statistics Canada varies its LICO calculation based on population size and density parameters for five different community sizes (urban and rural areas) which they define and identify. Their definitions of urban and rural communities are different than municipal boundaries. The values in the table above are for an urban area with a population of 500,000 or more. For more detailed information, please see this Statistics Canada document: http://www.statcan.ca/english/research/75F0002MIE/75F0002MIE2006004.pdf.

Hamilton's population grew past 500,000 between 2001 and 2006, but that has not meant a change in the LICO calculations for Hamilton. Statistics Canada uses the population of the entire urban area within a Census Metropolitan Area (which extends contiguously between municipal boundaries) when determining which LICO threshold to use in the calculations. For Hamilton the population size of our urban area is contiguous with Burlington's and Grimsby's and has been over 500,000 since at least 1986. About 90% of Hamilton's population lives within Statistics Canada's urban area boundary.

Statistics Canada does urge some general caution when comparing income data from the 2006 census with previous censuses in any region of the country due to changes in the way income data was captured in the 2006 census. For the first time, respondents didn't have to enter all their detailed income on the census form; instead they could opt to allow Statistics Canada to access their Revenue Canada tax file. Approximately 82% of respondents agreed to this method. Statistics Canada has found that this method has improved the income data, and led to less rounding of income amounts (which may have been estimates in previous years).

Another trend that can be seen is the impact of recessions on incomes. The recession in the early 1980s produced a sharp decline in men's incomes from which they quickly rebounded to their pre-recession incomes. In contrast, women's incomes were not as clearly reduced by this recession. In the early 1990s recession, both women and men's incomes declined, but only women's incomes later rebounded to previous levels. Men's incomes, on the other hand, continued to decline significantly over the next few years and did not stabilize until about 1996-1997, and never returned to pre-recession levels.

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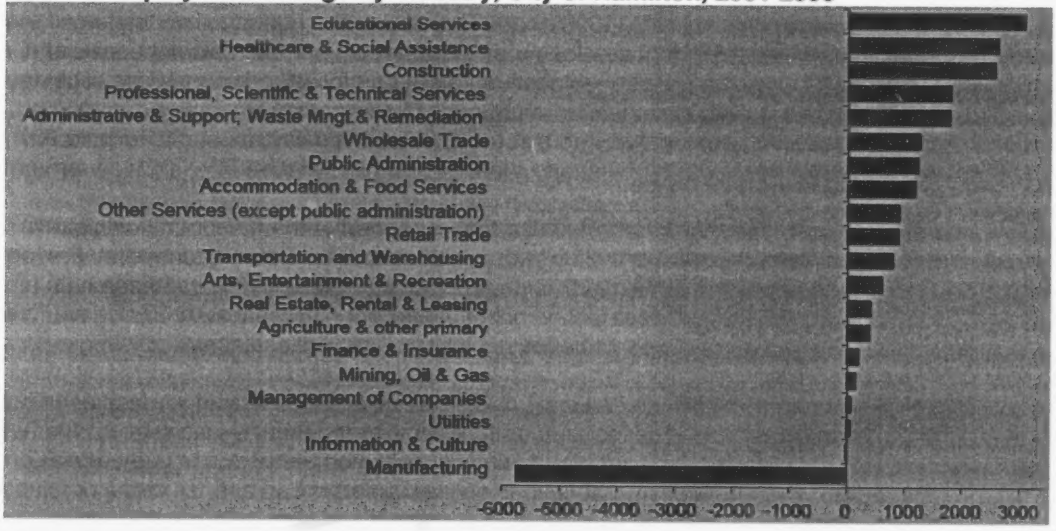

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In Hamilton, 18.1% of the population or 89,676 individuals were living below the LICO in 2005 (Table 2). This rate is lower than both 2000 and 1995. While Hamilton's poverty rate remains higher than Ontario's (14.7% in 2005), Ontario saw a small increase in its poverty rate since 2000, when the province's poverty rate was 14.4%.

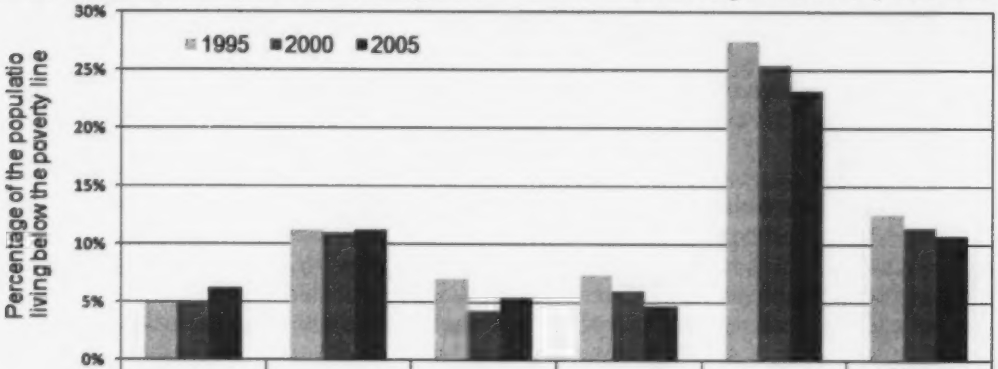
Table 2: Poverty rates, City of Hamilton (formerly Hamilton-Wentworth region), 1995-2005

Year	Number of people	Percentage of the population who live on incomes below the poverty line
1995	101,190	21.9%
2000	95,605	19.8%
2005	89,676	18.1%

Data source: 1996, 2001 and 2006 Censuses of Canada, Statistics Canada

As recently reported in our Community Profiles report, the rates of poverty are quite different across the city's six communities. Most communities have seen a decrease in their poverty rate since 1996 and Chart 5 shows that the biggest decrease has been in the former City of Hamilton, going from 28% to 23%. In contrast, Dundas saw almost no change in its poverty rate and Ancaster saw an increase, with the number of persons in poverty almost doubling there.

Chart 5: Poverty rates (LICO before tax), Communities within the City of Hamilton, 1995-2005



	Ancaster	Dundas	Flamborough	Glanbrook	Hamilton	Stoney Creek
1995	5.0%	11.2%	7.1%	7.5%	27.6%	12.6%
2000	4.9%	11.0%	4.3%	6.0%	25.5%	11.5%
2005	6.3%	11.3%	5.5%	4.8%	23.3%	10.8%
1995	1,160	2,500	2,400	785	87,545	6,800
2000	1,350	2,545	1,625	725	82,610	6,515
2005	2,048	2,675	2,120	732	75,465	6,653

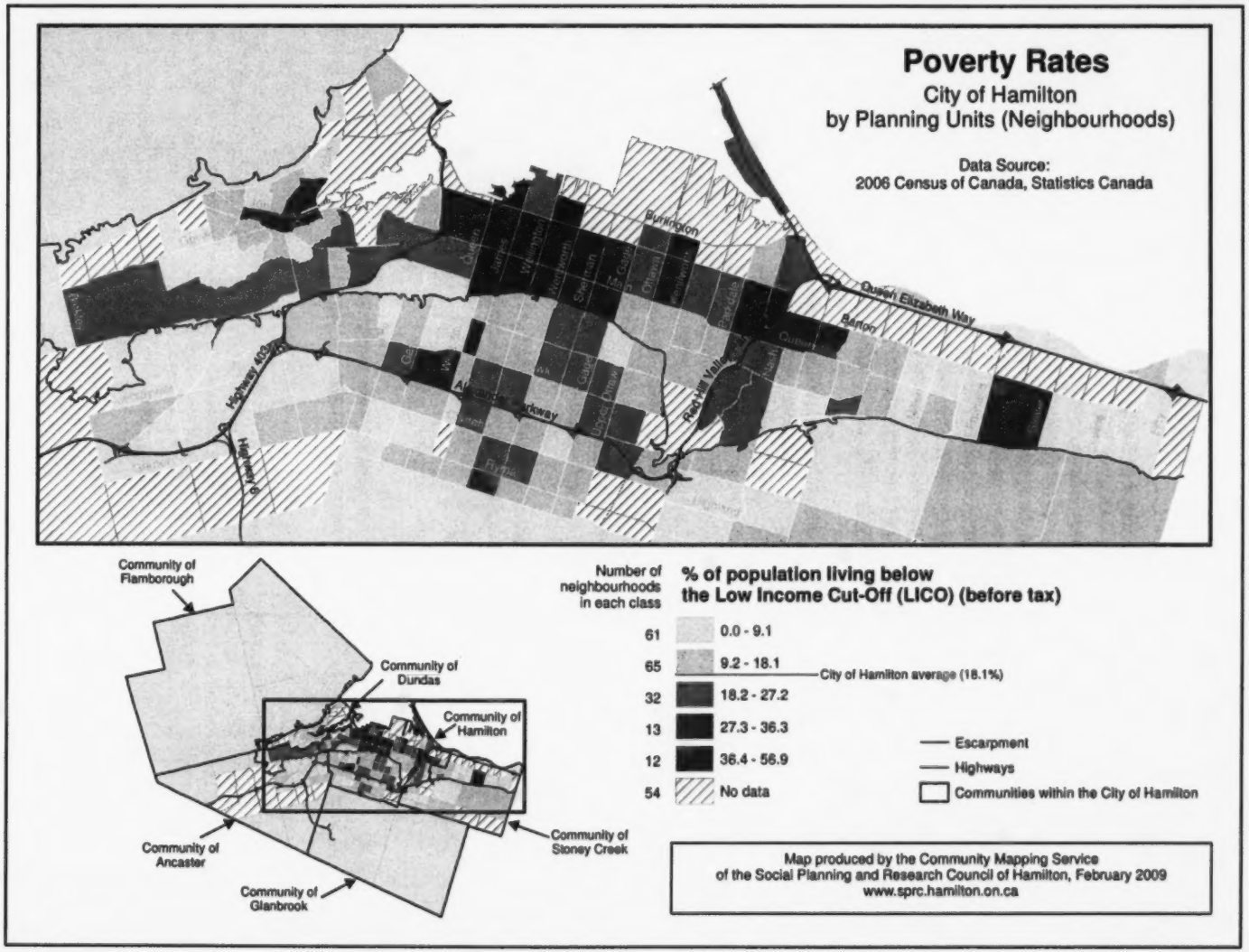
Percentage of the population living on a low income

Number of persons living on a low income

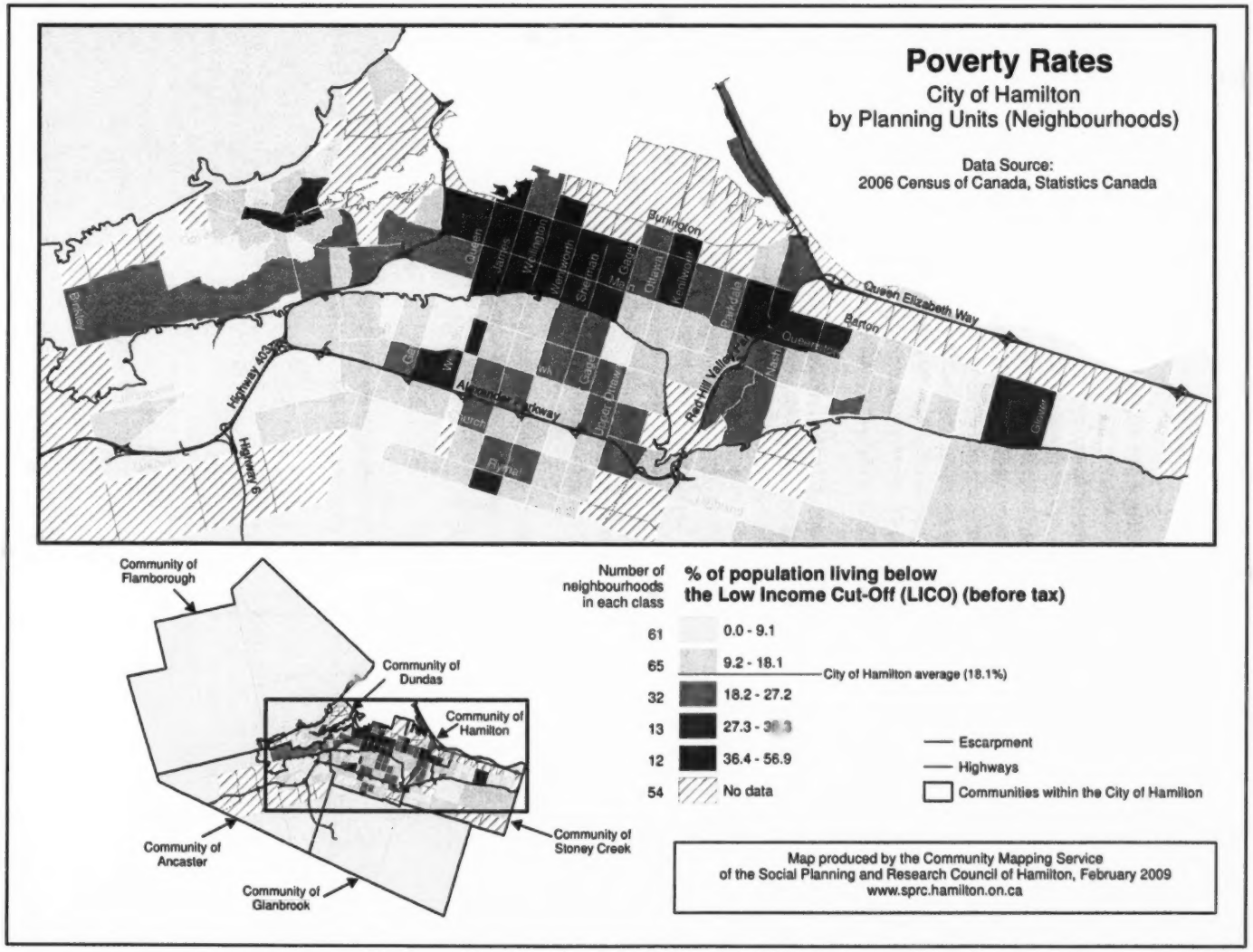
Data source: 1996, 2001 and 2006 Censuses of Canada, Statistics Canada

When we look at poverty rates at the neighbourhood level (Map 1), we see that there continue to be pockets of much higher poverty in some parts of the city as compared to others. Many downtown neighbourhoods have especially high poverty rates, as well as some neighbourhoods further east near the Red Hill Valley. There are also pockets of above average poverty rates near downtown Dundas, in many parts of the Mountain, in the parts of Ancaster below the escarpment, and in East lower Stoney Creek near Glover Road.

Map 1.


Poverty Rates
City of Hamilton
by Planning Units (Neighbourhoods)
Data Source:
2006 Census of Canada, Statistics Canada
Burlington
Queen Elizabeth Way
Barton
Highway 403
Highway 6
Community of Flamborough
Community of Dundas
Community of Hamilton
Community of Ancaster
Community of Stoney Creek
Community of Glanbrook
Number of neighbourhoods in each class
% of population living below the Low Income Cut-Off (LICO) (before tax)
61 0.0 - 9.1
65 9.2 - 18.1
City of Hamilton average (18.1%)
32 18.2 - 27.2
13 27.3 - 36.3
12 36.4 - 56.9
54 No data
Escarpment
Highways
Communities within the City of Hamilton
Map produced by the Community Mapping Service
of the Social Planning and Research Council of Hamilton, February 2009
www.sprc.hamilton.on.ca

Map 1.


Poverty Rates
City of Hamilton
by Planning Units (Neighbourhoods)
Data Source:
2006 Census of Canada, Statistics Canada
Burlington
Queen Elizabeth Way
Barton
Red Hill Valley
Alexander Parkway
Highway 403
Highway 6
Community of Flamborough
Community of Dundas
Community of Hamilton
Community of Ancaster
Community of Glanbrook
Community of Stoney Creek
Number of neighbourhoods in each class
% of population living below the Low Income Cut-Off (LICO) (before tax)
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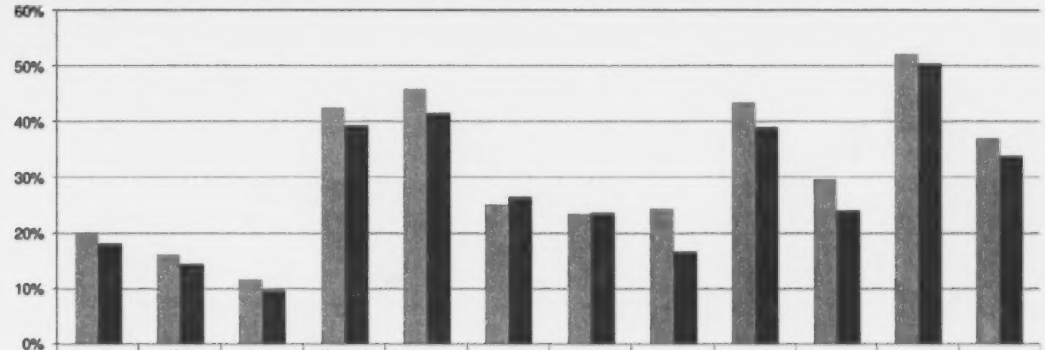
5.1 Poverty rates for selected groups

When analyzing demographics of any group, there are always two ways of examining the data: the number of people in a certain category or the proportion of the selected group that fall into the selected category (i.e. percentage). Both are important indicators, and in anti-poverty strategies the goal is always to reduce both the percentage and the actual number of people in poverty in all groups. Sometimes though, as we will see, the number or people in a certain group in poverty and the poverty rate of this group might be going in different directions. This occurs because the number of people in poverty in a certain group is not only dependent on the poverty rate of that group, but also on what percentage of the overall population that group represents, and whether the group is becoming a larger or smaller proportion of the whole population.

As we can see in Chart 6, rates of poverty differed greatly between various demographic groups. Among household types, unattached individuals had much higher rates of poverty (42% in 2005) than any of the various family types (all family types combined had a poverty rate of 14% in 2005). Among the family types, families led by female lone parents have the highest poverty rates, at 39% in 2005. This reflects the challenge of running a household and raising kids on a single income. The particular challenges that women face in the labour market have also meant that single moms are more likely to live in low income than single dads.

Chart 6: Poverty rates, 2000-2005, City of Hamilton, by selected groups



	Hamilton average	All economic families	Couples	Female lone parents	Unattached individuals	Children under 6	Children under 18	Seniors	Aboriginal	Activity limitation	Recent immigrants	Visible minorities
		Household types				Ages			Population groups			
■2000	19.8%	16.1%	11.6%	42.7%	45.9%	25.2%	23.4%	24.4%	43.6%	29.6%	52.2%	37.1%
■2005	18.1%	14.3%	9.7%	39.4%	41.6%	26.4%	23.6%	16.6%	39.1%	24.1%	50.5%	33.8%

Data source: 2001 and 2006 Censuses of Canada, Statistics Canada

Taking a look at the other demographic groups for which data is available at this time, we see that recent immigrants continue to have the highest poverty rate, standing at 51% in 2005. Visible minorities and Aboriginals and those with activity limitations[8] are other groups with much

[8] Persons with activity limitations refers to respondents who answered yes to the census question: "Does this person have any difficulty hearing, seeing, communicating, walking, climbing stairs, bending, learning or doing any other similar activities?". (The census guide further explains to respondents that this question refers to conditions or health problems that have lasted or are expected to last six months or more.) This question on self-declared activity limitations is considered a measure of disability.

higher poverty rates than the general population. However, the rate of poverty did decrease in all these groups in the 2000-2005 period.

5.1.1 Seniors

The rate of poverty for seniors in Hamilton has changed dramatically in the 2000 to 2005 period. The senior poverty rate went from just over 24% in 2000, a bit more than 4 percentage points above the rate for the general population at that time, to just under 17%, more than 1% below the poverty rate for the general population in 2005.
In fact, senior poverty rates across Canada have been steadily decreasing in the last three decades and Canada now ranks third among industrial nations with a senior poverty only higher than Sweden and Finland.[9] It's the one piece of good news in poverty analysis and lessons can be learned and applied to reduce poverty in all groups. This decrease in senior poverty is in large part the result of important income supplement programs that have been put in place since the 1950s.[10] In addition, more and more female seniors have been in the paid labour force for at least part of their working lives, earning CPP benefits during these years[11].

Another important factor in the decrease in senior poverty rates is the greater participation in the Guaranteed Income Supplement. A report published in 2001 showed that over 300,000 low income seniors who were eligible for the GIS had not completed the required application forms[12]. This led community groups across the country, including in Hamilton, to create campaigns and clinics to make it easier for seniors to sign up for this benefit. In addition, the federal government identified seniors in this situation and took measures to make them more aware of their entitlement to the GIS. In addition, the federal government took steps to make seniors more aware of the GIS and somewhat simplified the application process[13]. This led to a noticeable increase in the rates of seniors participating in the program[14] and may have had an important effect in continuing the decline in senior poverty rates between 2000 and 2005.

One lesson from the improvements in seniors' poverty rates is that programs that are put in place on a collective basis to address poverty are an effective way to make significant improvements in peoples' lives.

5.1.2 Children

The poverty rates for children are strikingly different. Children are the only group which did not see any improvement in its rate of poverty in the 2000 to 2005 period. Children under 18 saw a

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[9] Tamagno, E. (November 2007). *Strengthening the Foundations of Canada's Pension System: A Review of the Old Age Security Program.* Caledon Institute of Social Policy. http://www.caledoninst.org/Publications/PDF/660ENG.pdf

[10] Beginning in 1952 with the Old Age Security program, and later with the Canada Pension Plan (CPP) in 1966, with the Guaranteed Income Supplement in 1967, full cost of living indexation of OAS in 1972, establishment of the Spouse's Allowance for OAS in 1975 and payment of partial pensions based on years of residence in Canada in 1977.

[11] Rene Morissette, Statistics Canada analyst, quoted in: *Poverty down, incomes up among seniors*, Toronto Star (May 1, 2008) http://www.thestar.com/News/Canada/article/420341

[12] Shillington, R. (2001). *Final Report: Community Undertaking Social Policy (CUSP) Project.* St. Christopher House. http://www.shillington.ca/stchrisreport.pdf

[13] National Advisory Council on Aging. (2005). *Seniors on the margins: Aging in poverty in Canada.* http://dsp-psd.pwgsc.gc.ca/Collection/H88-5-3-2005E.pdf

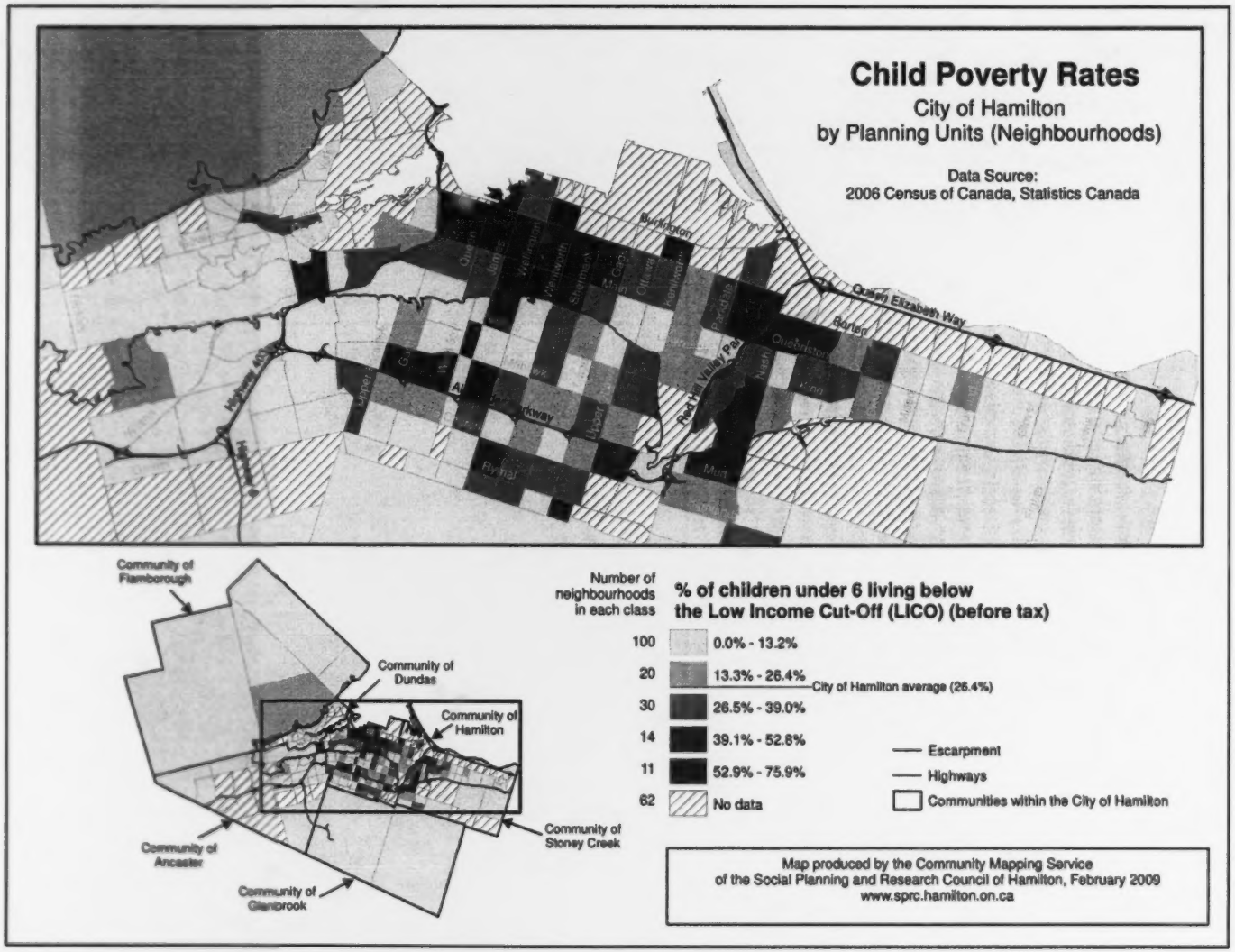
[14] Tamagno, E. (November 2007). *Strengthening the Foundations of Canada's Pension System: A Review of the Old Age Security Program.* Caledon Institute of Social Policy. http://www.caledoninst.org/Publications/PDF/660ENG.pdf

very slight increase in its poverty rate in this period (standing at 23% in 2005). Hamilton's youngest children saw an increase going from 25% in 2000 to 26% in 2005.
In 2005, 26,112 Hamilton children were living in poverty, more than the entire population of Dundas. These figures put an extra urgency to the Hamilton Roundtable for Poverty Reduction's goal of making Hamilton the best place to raise a child. Clearly Hamilton has not yet achieved that goal.

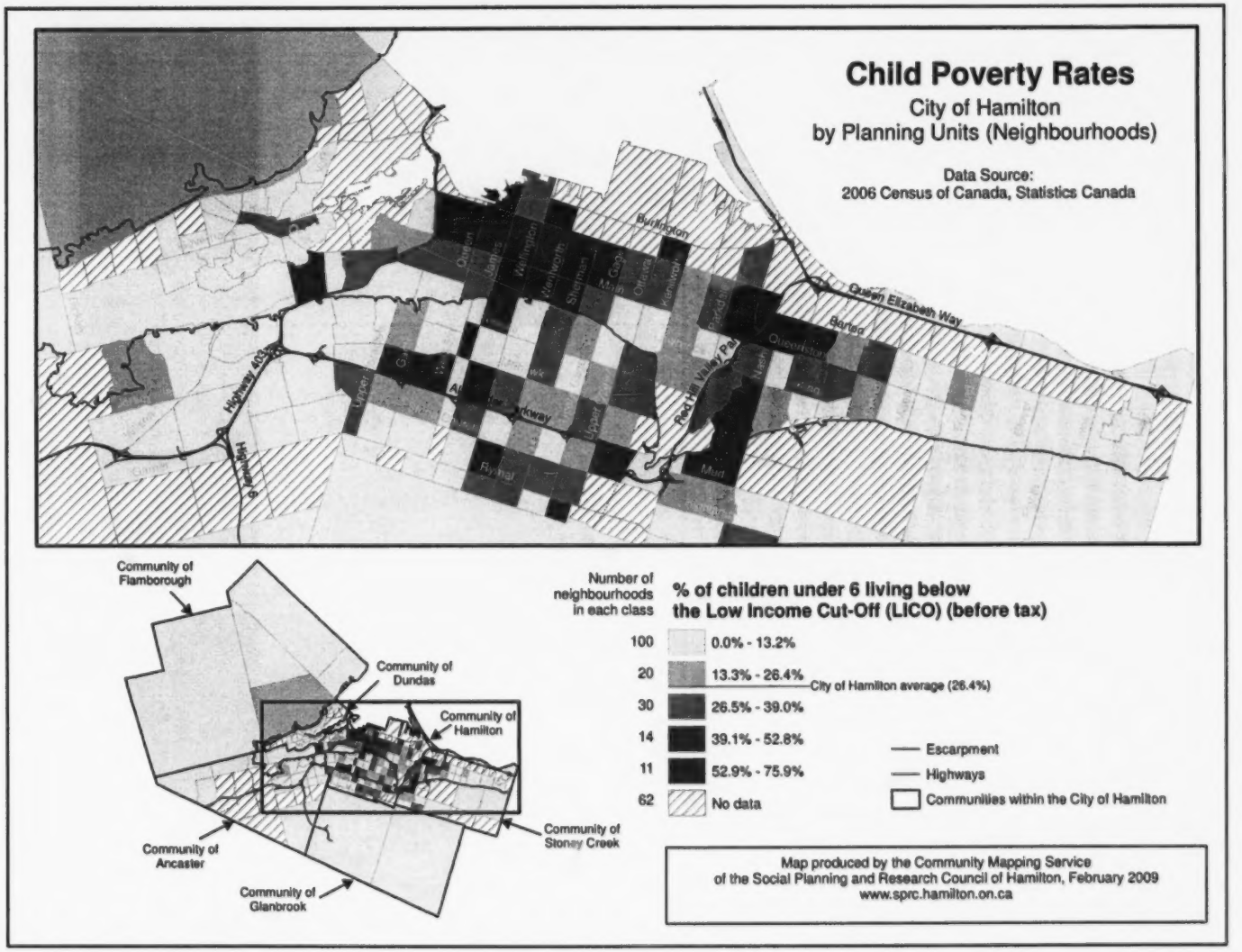
A further analysis shows that child poverty rates may be on the rise due to more and more families being headed by single parents, especially women, families that generally have higher poverty rates. Female-led lone parent families in particular face both the difficulties of raising a family on a single income combined with the barriers often encountered by women in the labour market. In Hamilton, the overall number of children has declined by 3% in the 2001-2006 period, but the proportion of children in female-led lone parent households has risen by 5%. To put it another way, 16.8% of Hamilton's children lived in female lone parent-led families in 2001, and this rose to 18.3% of children in 2006. Both of these rates are higher than the provincial average. More support for female-led lone parent families would seem to be a critical step needed to reduce child poverty rates, and some progress has been made on this front since the 2006 census, as this report will describe in section 6.0.

Map 2 shows that the distribution of child poverty in the city is similar to the patterns seen in the general poverty rate (Map 1), especially in the lower city, with some important distinctions. The range of child poverty rates among neighbourhoods is much larger, going all the way up to 75.9% (the highest general poverty rate is 56.9%). The geographical distribution shows more neighbourhoods on the Mountain with higher than average child poverty rates than was the case with general poverty rates.

Map 2.


Child Poverty Rates
City of Hamilton
by Planning Units (Neighbourhoods)
Data Source:
2006 Census of Canada, Statistics Canada
Burlington
Queen Elizabeth Way
Barton
Community of Flamborough
Community of Dundas
Community of Hamilton
Community of Ancaster
Community of Stoney Creek
Community of Glanbrook
Number of neighbourhoods in each class
% of children under 6 living below the Low Income Cut-Off (LICO) (before tax)
100 0.0% - 13.2%
20 13.3% - 26.4%
City of Hamilton average (26.4%)
30 26.5% - 39.0%
14 39.1% - 52.8%
11 52.9% - 75.9%
62 No data
Escarpment
Highways
Communities within the City of Hamilton
Map produced by the Community Mapping Service
of the Social Planning and Research Council of Hamilton, February 2009
www.sprc.hamilton.on.ca

Map 2.


Child Poverty Rates
City of Hamilton
by Planning Units (Neighbourhoods)
Data Source:
2006 Census of Canada, Statistics Canada
Burlington
Queen Elizabeth Way
Barton
Highway 403
Red Hill Valley Pa
Community of Flamborough
Community of Dundas
Community of Hamilton
Community of Ancaster
Community of Glanbrook
Community of Stoney Creek
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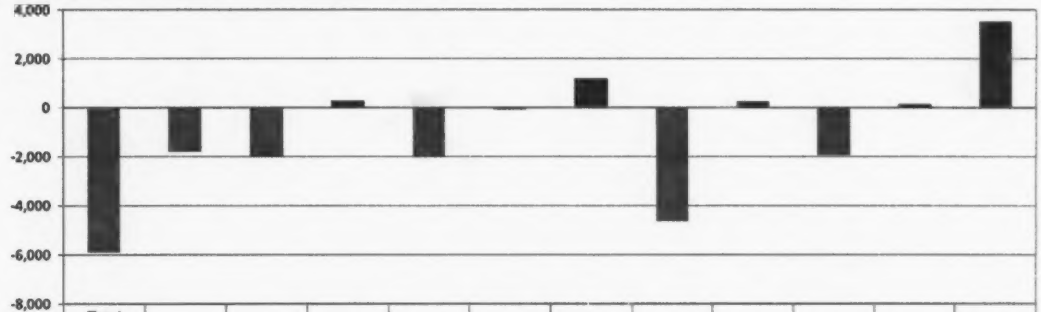
5.2 Changes in the number of persons living on incomes below the poverty line

When we analyze poverty within various groups by the change in the number of people instead of by percentage, we see a different picture (Chart 7). The three groups that had the lowest poverty rates in 2005 (couples, economic families and seniors, see Chart 6) had substantial decreases in the number of people living on incomes below the poverty line (Chart 7). In contrast, all groups but two (unattached individuals and those with activity limitations) whose poverty rates were above the general population's average rate (Chart 6) saw increases in the number of people living in poverty (Chart 7). This is despite that each of these groups (except children) experienced decreases in their poverty rate between 2000 and 2005. This indicates that the small improvements in incomes for these groups are not keeping up with their population growth.

Chart 7: Change in the number of persons living under the poverty line, 2000-2005, City of Hamilton, by selected groups



	Total population living under poverty line	All families	Couples	Female lone parents	Unattached individuals	Children under 6	Children under 18	Seniors	Aboriginal	Activity limitation	Recent immigrants	Visible minorities
		Household types				Ages			Population groups			
Change	-5,929	-1,788	-1,982	256	-1,983	-72	1,173	-4,654	249	-1,959	112	3,526
2000	95,605	21,650	12,945	7,935	28,210	8,670	26,620	16,190	2,725	27,445	8,210	19,330
2005	89,676	19,862	10,963	8,191	26,227	8,598	27,793	11,536	2,974	25,486	8,322	22,856

5.2.1 Visible Minorities

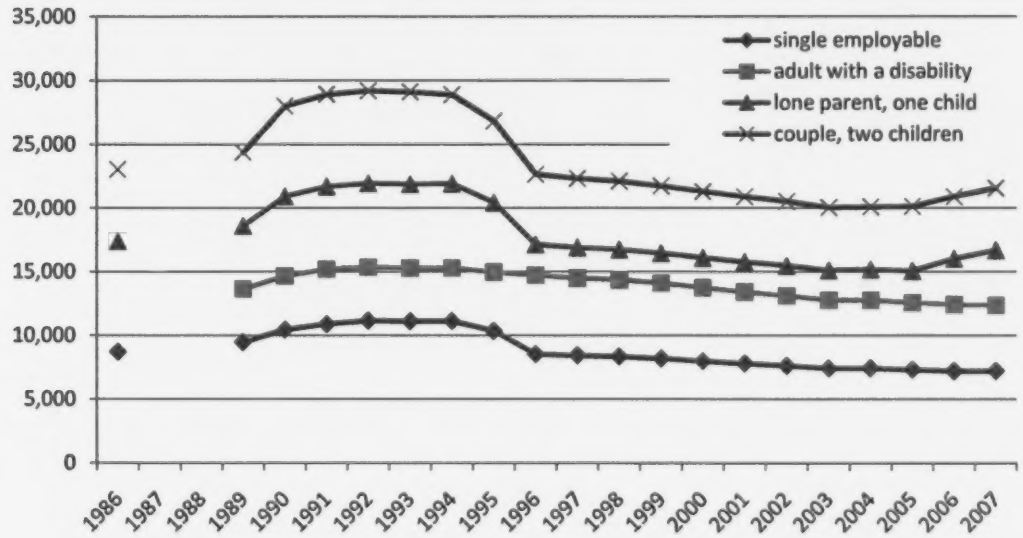
The group with the biggest increase in Hamilton is visible minorities, with 3,526 additional persons living in poverty in 2005 as compared to 2000. In this context, the recently formed Colour of Poverty working group, an initiative of the Hamilton Roundtable to Reduce Poverty and the Hamilton Centre for Civic Inclusion, is especially timely. The Colour of Poverty campaign was initiated in 2007 in Toronto, and aims to raise awareness about the problem of poverty in racialized communities in Ontario and develop strategies to combat it.

6.0 SOCIAL ASSISTANCE AND POVERTY

Historically, social assistance benefit rates have provided emergency incomes far below the poverty line. The primary social assistance program in Ontario, Ontario Works (OW), was implemented in 1995, with an immediate 22% cut to the already low incomes for recipients. In November 2007, OW incomes were increased by the provincial government for the first time, but only by 2%. This did not recover all the purchasing power lost due to inflation over the last decade. Regular small increases to social assistance payments are now scheduled to be implemented annually. This will help social assistance recipients from falling even further behind assuming inflation does not increase dramatically.

In 1998, the federal government implemented the National Child Benefit (NCB) to prevent and reduce the effects of child poverty. While families with children receiving OW can also receive NCB, until August 2008 the Ontario government, as in many provinces, categorized the NCB as income and deducted directly from OW benefits. Families receiving OW can however keep their Child Tax Credit benefit. An important campaign was conducted by social assistance recipients in Hamilton and their community allies to ask the city (which funds 20% of social assistance payments), not to clawback the NCB from the municipal portion of recipients' benefits. In 2006, the city agreed to phase out the NCB clawback, which was a victory for social assistant recipients here in Hamilton. The phasing out of the clawback is the main reason we can see a small increase in the last two years in the social assistance rates in Hamilton for two of the four case types in Chart 8 (family with two children, and single parent with one child).

Chart 8: Total welfare incomes for social assistance recipients in Hamilton, 1986-2007 (in 2007 constant dollars)



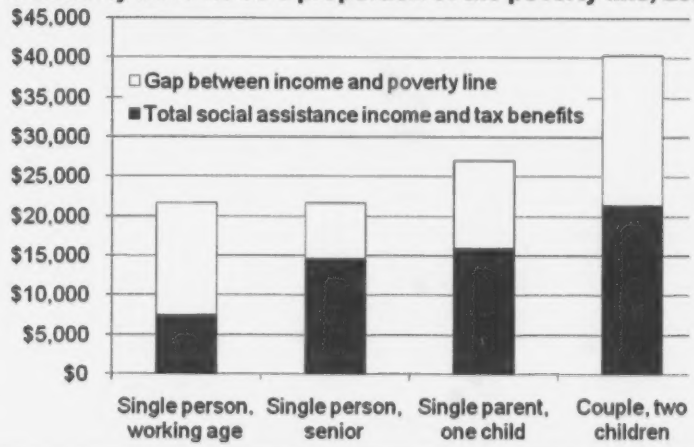
Data sources: Welfare incomes 2006 and 2007, National Council on Welfare, 2008 for Ontario rates, in addition for 2006 and 2007 the Hamilton NCB Entitlement Program rates were added for the families with children

Another important change to social assistance for Ontario families in the last year has been the introduction of the Ontario Child Benefit in 2008. By July 2009, the OCB will be fully implemented, and children in families with a net income of $20,000 or less will receive the full benefit of $1,100 per child per year, with reductions in benefits after that threshold depending on the number of children. This new allowance works similarly to the NCB in that low income families can continue to receive it even when they leave Ontario Works and find jobs. For OW recipients with children, the OCB has replaced a series of other OW benefits such as the winter clothing allowance and the school supplies allowance.

Both of these targeted measures though are focused on children, and have no impact on the many thousands of social assistance recipients in Hamilton who have no children. As we can see from Chart 8, singles have the lowest social assistance benefit payments and these payments have decreased in 2007 dollars since 1995.

Chart 9 compares the maximum income security benefit rates with the poverty line (the 2007 LICO before tax, the most recent release of the LICO levels) for a single person of working age, a single senior, a single parent with one child, and a couple family with two children. Seniors are not eligible for Ontario Works or the Ontario Disability Support Program, as they receive basic social assistance through the Old Age Security program (OAS) and the Guaranteed Income Supplement (GIS).The income level for seniors does not include any Canada Pension Plan benefits. Maximum income security benefit rates were calculated to include social assistance benefits, as well as the National Child Benefit (NCB), Child Tax Credit, Ontario Child Benefit for families with children, GST credit and applicable property tax credits.

Chart 9: Income security benefits as a proportion of the poverty line, 2008



Recipient	Total social assistance income and tax benefits	Gap	Poverty line (before taxes)	Total income as a percentage of poverty line
Single person, working age	$7,484.04	$14,181.96	$21,666.00	35%
Single person, senior	$14,653.68	$7,012.32	$21,666.00	68%
Single parent, one child	$15,965.88	$11,006.12	$26,972.00	59%
Couple, two children	$21,384.00	$18,875.00	$40,259.00	53%

Data Sources: Poverty line: 2007 Low Income Cut Offs, Statistics Canada; Social assistance incomes and tax benefits: Rates tables for social assistance recipients in Ontario, John Stapleton, 2008; Seniors income security benefits: Service Canada table of Old Age Security benefits, October 2008 http://www1.servicecanada.gc.ca/eng/isp/statistics/rates/pdf/octdec08.pdf

A single person, for example, receives $623 per month or $7,484 annually, amounting to only 35% of the poverty line. In contrast, while a single parent does comparatively better, receiving $15,965 annually from OW, this is still only 59% of the poverty line. Seniors fare the best in this comparisons, earning 68% of the poverty line with their combined income from the OAS and GIS payments.

Table 3 compares the monthly cost of a nutritious food basket and the average rents in Hamilton for selected household types, to the maximum monthly income security benefit rates and tax credits provided to these households. The "remainder" column represents where a specific household would stand financially in a given month, after securing adequate food and housing at the average market rent. For a single male the remainder is actually in the negative (- $77). A female lone-parent with one child has a positive remainder of $267, while a couple with two children has $288 remaining. For a family of four, this represents only $2.37 per day per family member. This is clearly not enough to cover even a handful of the other basic necessities not covered in this table such as heat and hydro, clothing, bus tickets, school supplies, telephone, laundry, personal hygiene items, etc.

Given the inadequacy of current benefit rates, most households on OW are dependent on local food banks to survive. In addition, given that the average rental unit in Hamilton is beyond their means, these households are often forced into unsuitable or unsafe housing.

Table 3: Monthly income from social assistance and tax benefits versus cost of food and rent in Hamilton, 2008

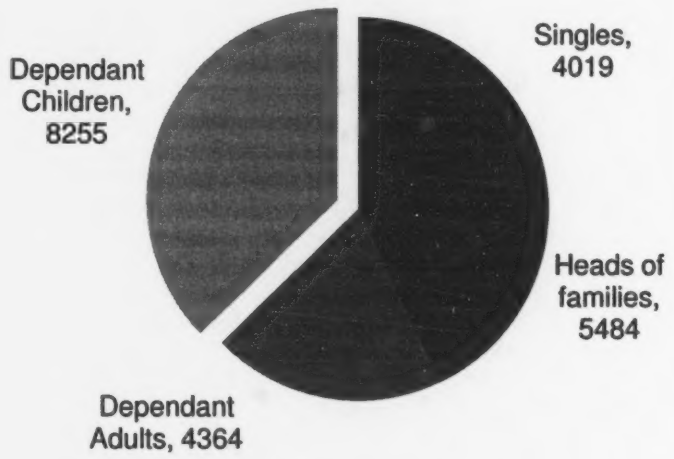
	Total Income	Nutritious Food Basket	Rent	Remainder
Single male (25 to 49 years old)	$624	$204	$496	-$76
Female lone parent (25 to 49 years old); boy 12 years old	$1,330	$302	$761	$267
Family of four: man + woman 25 to 49 years old; girl 7 years old; boy 13 years old	$1,782	$587	$907	$288

Data sources: Social assistance incomes and tax benefits: Rates tables for social assistance recipients in Ontario, John Stapleton, 2008; Nutritious Food Basket: How much does healthy eating cost? Public Health Services, City of Hamilton, 2008; Rent: Rental Market Report Hamilton and Brantford CMAs, Canada Mortgage and Housing Corporation, 2008 – Rent amounts are based on a bachelor apartment for the single person, a 1 bedroom apartment for the lone parent family, and a 2 bedroom apartment for the family of four.

6.1 Children and Social Assistance

As Chart 10 illustrates, children are the largest group of Ontario Works beneficiaries in Hamilton. In 2007, there were 8,255 children receiving Ontario Works benefits, representing 37% of all beneficiaries. This means that about 7% of all children in Hamilton are OW beneficiaries.

Chart 10: Ontario Works Beneficiaries, City of Hamilton, 2007



Data Source: City of Hamilton, Community Services Department

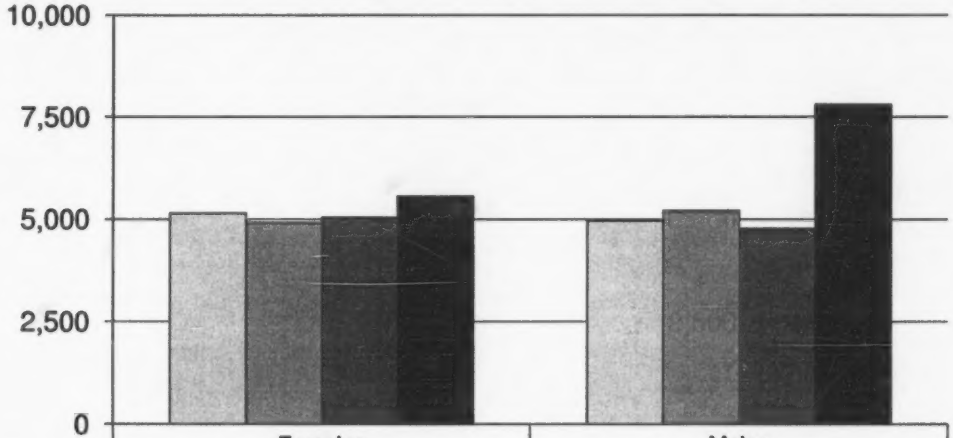
7.0 WHAT ARE THE IMPACTS OF THE CURRENT RECESSION?

The census data presented earlier in this report represents the incomes of Hamiltonians in 2005. There has clearly been deterioration in the economy in the last year, and it seems likely it will continue for some time. Unfortunately there is not a lot of data that shows the extent of the current situation. Two indicators that we can highlight are Employment Insurance (EI) and Ontario Works beneficiaries since the time that the census was last conducted.

7.1 Employment Insurance

Chart 11 shows that there has been a big jump in Employment Insurance beneficiaries in Hamilton in the last year. January 2009, the most recent period for which data are available, showed a 36% increase in the number of beneficiaries as compared to January 2008, but this was lower than Ontario's increase in this period (45%).

Chart 11: Employment Insurance beneficiaries, City of Hamilton, 2006-2008, by sex



	Females	Males
January 2006	5,150	4,960
January 2007	4,920	5,210
January 2008	5,050	4,780
January 2009	5,560	7,810

The difference between men and women in this chart is important. 64% more men were receiving EI in January 2009 than in 2008, while women saw only a 10% increase. The increase for Hamilton men was above the average increase in male EI beneficiaries across Ontario in this period (46%). This perhaps foreshadows that the impacts of this current recession may be more significant than for men than for women. If this trend continues, we may see a repeat of the 1990s recession, with further reduction in men's incomes without any significant recovery afterwards.

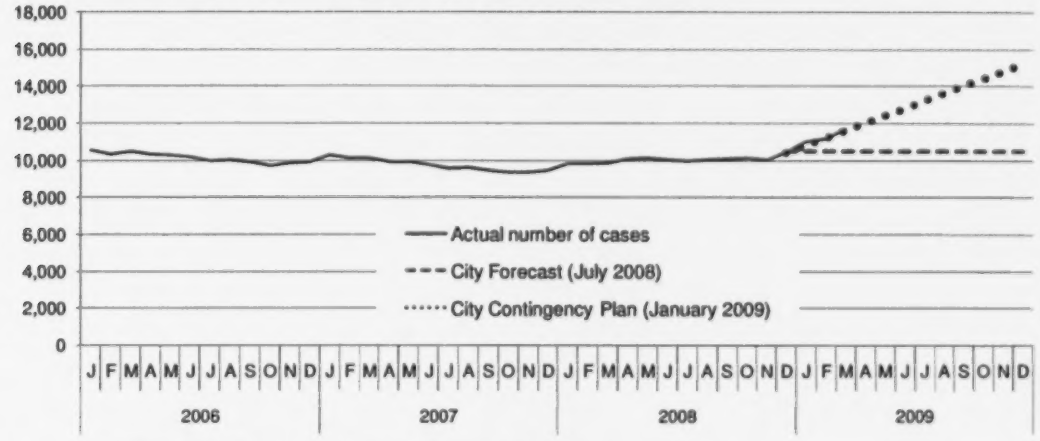
It is important to note that workers laid off during this recession will have a harder time accessing benefits compared to workers in the last recession, due to changes in the employment insurance eligibility criteria put in place in 1997. As the Canadian Centre for Policy

Alternatives states: "the results (of these changes) were dramatic. While 74% of unemployed workers were entitled to receive benefits in 1990, by 2004, only 36% of the unemployed got benefits in the new Employment Insurance program. For women workers, coverage dropped from 69% in 1990 to 32% in 2004."[15] The 2009 Federal Budget did increase the number of weeks that EI recipients could access benefits; however no improvement in eligibility criteria was put in place to help unemployed workers who can't access EI benefits.

7.2 Ontario Works

The number of families and individuals on the Ontario Works program has also jumped. In 2008, from November to December there was an increase of 396 cases[16], the biggest increase since 1999. Before December, average monthly increase in OW caseload for 2008 was 54 additional cases per month. This rapid increase led the Community Services Department of the City of Hamilton to present a contingency plan to City Council in January 2009, since the numbers were much higher than their original 2009 forecast (developed in July 2008). The contingency plan predicts a continuing this trend of 400 additional cases every month for the next year (Chart 11). This would bring the caseload up to 15,537 by the end of the year, a 45% increase over the City's original forecast. The actual caseload data for 2009 shows that the number of cases is close to the contingency plan figures. By the end of March 2009, the City had 11,669 Ontario Works recipients, the highest since 2001. This represents an 18% increase since March 2008.

Chart 12: Ontario Works caseload, City of Hamilton, 2006-2009


18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Actual number of cases
City Forecast (July 2008)
City Contingency Plan (January 2009)
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
2006
2007
2008
2009

Data source: City of Hamilton, Community Services Department
Prepared by: Social Planning and Research Council of Hamilton, April 2009
Note: A case can be a single individual or a family

[15] Townson, M. and Hayes K. (2007) *Women and the Employment Insurance Program.* Canadian Centre for Policy Alternatives. http://www.growinggap.ca/files/Women%20and%20the%20EI%20Program%20FINAL.pdf

[16] A case can be a single person or a family with children.

The Community Services department further analyzed the current economic situation and its potential impact on the Ontario Works beneficiaries. Their conclusions were as follows:[17]

- When competition in the labour market increases, OW participants are often unable to secure the level of position they could obtain in a positive labour market.
- Laid-off workers who are awaiting Employment Insurance (EI) benefits or whose EI benefits have expired may need to apply for financial assistance thus leading to changes in the caseload profile."
- The affect of plant closures and lay-offs usually impact the OW caseload up to a year after the closure occurs.
- Local Employment Offices are reporting a significant increase in the number of applications for Employment Insurance and the local OW office is finding an increase in applicants who are awaiting their first EI payment. For example, there were 210 assignments processed for EI payments in January 2008 and 293 in January 2009 which is a 28% increase over the same time last year.

7.3 Possible poverty rate in Ontario and Hamilton in the near future

While it is difficult to predict the exact impact this recession will have on poverty rates, clearly the trend will be towards an increase rather than a decrease. The Ontario Association of Food Banks has recently predicted that the Ontario poverty rate will rise to 17.7% by 2010[18]. If Hamilton continues its recent historical trends of having a poverty rate three to five percentage points higher than the provincial average, this prediction could mean Hamilton's poverty rate could go as high as 21% to 24% in a very short period.

[17] Community Services Department, Employment and Incomes Support Division, City of Hamilton. (January 31, 2009). *Ontario Works Caseload Contingency Plan (CS09021)*. http://www.myhamilton.ca/NR/rdonlyres/9B03BE60-8DB4-4276-AFF1-FC84B8231C76/0/Feb04CS09021REPORTOWCaseloadContingency.pdf

[18] Laurie N. (2009). *Fighting Poverty: The best way to beat the recession*. Ontario Association of Food Banks. http://www.oafb.ca/assets/pdfs/FightingPoverty.pdf

8.0 CONCLUSION

This report has attempted to highlight some key trends in incomes and poverty in the City of Hamilton. The Social Planning and Research Council of Hamilton with support from the United Way will continue investigating trends revealed in this report and highlight new data about poverty in Hamilton as it becomes available.

We hope to publish reports that highlight additional trends in poverty in Hamilton. One area that needs further analysis is the growing gap between the rich and poor. The Canadian Centre for Policy Alternatives recently highlighted national data on this topic giving as an example that between 1998 and 2007, the average salary and benefits among the 100 highest paid CEO's increased from 3.5 million annually to 10.4 million. During this same period, the average income of workers increased from $33,000 to $40,000, slightly less than the increase in the cost of living.[19] As more specific data becomes available, the SPRC intends to do a more in-depth study of the growing income gap in Hamilton.

In addition more investigation is needed on the situation of the working poor in Hamilton, poverty among racialized communities and women. Presently, we are also working with community partners to develop short term indicators that can show a more current picture of the poverty situation in Hamilton than the detailed but lagging snap shot provided by census data.

As is common when investigating social trends, this report has uncovered more questions than answers. With further community consultations and analysis of these trends, we will continue this work to find answers and solutions to the challenges highlighted in this report. We hope that this report is a useful starting point for social service agencies, community groups and citizens for their planning purposes and can be a catalyst to re-energize community efforts towards poverty reduction and elimination.

[19] MacKenzie, H. (2007). *The Great CEO Pay Race: Over before it begins.* Canadian Centre for Policy Alternatives. http://www.policyalternatives.ca/documents/National_Office_Pubs/2008/The_Great_CEO_Pay_Race.pdf